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**KENTUCKY PUBLIC EMPLOYEES' DEFERRED  
COMPENSATION AUTHORITY**  
101 SEA HERO ROAD, SUITE 110  
FRANKFORT, KY 40601-5404



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UNITED STATES

Why participate now?

The sooner you begin investing, the longer your account has to grow, which could lead to a significantly higher account balance at retirement.

The chart below illustrates what 69,000 Kentucky Deferred Comp Participants already know — time is on your side!

Growth Chart				
Semi-Monthly Contribution	Current Age	Plan Account Value at Age 65		
		based on an annual return of:		
		6%	8%	10%
\$100	25	\$382,928	\$647,323	\$1,116,704
	40	\$135,751	\$182,675	\$248,139
	50	\$57,592	\$67,847	\$80,165
\$50	25	\$191,464	\$323,661	\$558,352
	40	\$67,876	\$91,337	\$124,070
	50	\$28,796	\$33,923	\$40,083
\$25	25	\$95,732	\$161,831	\$279,176
	40	\$33,938	\$45,669	\$62,035
	50	\$14,398	\$16,962	\$20,041

This chart is intended for illustrative purposes only. It offers hypothetical compounding examples and assumes no state or federal income taxes on contributions and earnings, nor any withdrawals from the account.

This example does not take into account any fees associated with particular investments. The results do not and are not intended to predict or project the performance of the Kentucky Public Employees' Deferred Compensation Plans. If taxes, fees, or withdrawals were reflected, results would be lower.

Actual investment results will vary, particularly for long-term investors, and you may earn more or less than the annual returns of 6, 8, or 10 percent used in this example. Withdrawals will be taxed as regular income.

Investing involves market risk including possible loss of principal, and there is no guarantee that investment objectives will be achieved.

Source: Nationwide Retirement Solutions Actuarial

Kentucky Public Employees' Deferred Compensation Authority

101 Sea Hero Road, Suite 110  
Frankfort, Kentucky 40601-5404

Phone: 1.800.542.2667 or 502.573.7925  
Web site: [www.kentuckydcp.com](http://www.kentuckydcp.com)



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Neither the Kentucky Public Employees' Deferred Compensation Authority nor any of its representatives will provide legal or tax advice. For such guidance, you should consult your own legal or tax advisors. The information contained in this booklet was accurate as of the time of printing. We reserve the right to make subsequent changes without prior notification.

Kentucky Deferred Compensation Plan Highlights



Participant Service Representatives are registered representatives of Nationwide Investment Services Corporation.

Securities offered through Nationwide Investment Services Corporation, member NASD.

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[KentuckyUnbridledSpirit.com](http://KentuckyUnbridledSpirit.com)



# Kentucky Deferred Compensation – Your Plan for Life

# Plan Highlights



Kentucky Public Employees' Deferred Compensation Authority  
101 Sea Hero Road, Suite 110  
Frankfort, Kentucky 40601-5404  
1.800.542.2667 or 502.573.7925  
www.kentuckydcp.com

## What are the Kentucky Public Employees' Deferred Comp Plans?

- State-sponsored, IRS approved voluntary employee retirement plans that allow you to invest pre-tax and after-tax money for supplemental retirement income
- Available to employees of Kentucky's state and local governments as well as public schools and universities
- Three supplemental retirement plan opportunities:
  - 457(b) Plan** (tax-deferred)
  - 401(k) Plan** (tax-deferred), including an after-tax Roth 401(k) option
  - Deemed IRAs**, including both a Traditional and Roth IRA option, available only to eligible employees of Participating Employers in the Authority's Program.

## Deferrals

- You decide how much to have withheld and invested from each paycheck.
- You pay no federal or state income tax on the amount you defer until you take a distribution (payout from your account). You may never pay state taxes on these dollars because of Kentucky House Bill 1 (1995).
- Your maximum annual deferral is 100% of your includible income up to \$15,500 for 2007 separately in the 401(k) and 457 plans (indexed annually in \$500 increments after 2007).
- Plan Service Representatives will help you determine how much to defer, or you may use our on-line planning tools.
- The 457 Plan's special catch-up provision may allow you to defer twice the normal maximum annual deferral during the three years prior to your Normal Retirement Age (entitled to an unreduced benefit from your primary retirement plan).
- A participant who attains age 50 before the end of the tax year can make an additional contribution each year in both the 457 and 401(k) plans (up to \$5,000 in 2007).

## Investment Options and Fees

- Time, compounding and asset allocation may give your account the opportunity to grow. (See growth chart sample, reverse side.)
- Low plan administration fees
- You may allocate your deferrals among well-known investment options:
  - Fixed Contract Fund** — administered by INVESCO Worldwide Fixed Income. Seeks to provide a stable interest rate. Annualized interest rate is set on a quarterly basis
  - No-Load Mutual Funds** — available from well-known investment managers including: American Funds, Davis, Dodge & Cox, Dreyfus, Federated, Fidelity, Goldman Sachs, Neuberger Berman, T. Rowe Price, Vanguard, and Western Asset. **Management fees, expenses, and plan administration fees still apply.**
- You can choose your own investments or select an automatic, professionally-managed lifecycle (age-based) fund.

## Key Deemed IRA Details

- An after-tax aggregate contribution of \$4,000 earned income to all IRAs is allowed in 2007 (\$5,000 in 2008 and indexed in \$500 increments thereafter).
- A participant who attains age 50 before the end of the tax year can make an additional aggregate \$1,000 contribution each year to IRAs.
- Contributions are allowed as long as the participant is actively working for a participating employer, and may be subject to age restrictions.
- Terminated or retired employees who desire to establish a Deemed Roth or Deemed Traditional IRA must have a minimum \$5,000 aggregate Authority account balance and may participate **only** through rollover/transfer (annual additions cannot be accepted from retired or terminated participants).  
*See the Authority's Deemed IRA materials or website for more details.*

## Summary of Kentucky Plan Highlights

- Payroll deductions are an easy way to invest for retirement.
- You receive a comprehensive quarterly statement with fund performance results and helpful retirement education.
- No federal or state income taxes are withheld when you contribute or while your funds are invested in the 457 or 401(k) plans. However, taxes are withheld from your Roth 401(k) or Deemed IRA contributions.
- Make changes and get account info through our customer service center in Frankfort, our 24 hour voice response system, or visit our award-winning website.
- Experienced, registered Participant Service Representatives are available to personally assist you.
- Educational programs are provided at your worksite.
- Plan administration is provided by Kentucky State Government employees.

*For more complete information about funds available in the Plans, please request a prospectus(es). Prospectuses and a Spectrum of Investment Options can be obtained by calling 1.800.542.2667. Please read prospectuses carefully before investing.*

## Loan Availability

- Loans are available in the 457 and 401(k) plans.

## Other

- A minimum monthly contribution of \$30 is required per plan or IRA.
- Both the 401(k) and 457 plans offer a variety of flexible payout options in accordance with IRS regulations. Our experienced Payout Counselors can assist you with your benefit payments.
- Asset fees are based on the total value of your Authority account balances, including the Deemed IRA(s).

## Would you like to know more about the Kentucky Deferred Compensation Plans?

**YES**, I am interested in getting more information about: *(please check all that you are interested in)*

- ☐ Enrollment
- ☐ Investment options
- ☐ Catch-Up
- ☐ Loans
- ☐ Benefit payments
- ☐ Roth 401(k)
- ☐ Deemed IRAs
- ☐ Rollovers to Kentucky's 401(k) Plan
- ☐ IRA rollovers
- ☐ Other \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ ZIP \_\_\_\_\_

Home Phone \_\_\_\_\_

Work Phone \_\_\_\_\_

Email \_\_\_\_\_

Employer \_\_\_\_\_

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